



Fakulti Sains Kognitif dan Pembangunan Manusia

**The Relationship Between Human Resource Practices Towards
Employee's Performance In Star Onggari Engineering Sdn Bhd.**

Jaiganesh a/l Paramesivam

**Bachelor of Science with Honours
(Human Resources Development)**

2021

The project entitled 'The Relationship Between Human Resource Practices Towards Employee's Performance In Star Onggari Engineering Sdn Bhd' was prepared by *Jaiganesh a/l Paramesivam* and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours (Human Resource Development).

Received for examination by:



Dr Hana Hamidi
Deputy Dean (Undergraduate)
Faculty of Cognitive Sciences and Human Development
Universiti Malaysia Sarawak

(Dr. Hana binti Hamidi)

Date:

9/8/2021

Grade
A

UNIVERSITI MALAYSIA SARAWAK

Grade: A

Please tick (✓)

Final Year Project Report

Masters

PhD

<input checked="checked" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

DECLARATION OF ORIGINAL WORK

This declaration is made on the 2nd day of July 2012.

Student's Declaration:

I JAIGANESH A/L PARAMESIVAM, 66217, FACULTY OF COGNITIVE SCIENCES AND HUMAN DEVELOPMENT hereby declare that the work entitled, The Relationship Between Human Resource Practices Towards Employee's Performance In Star Onggari Engineering Sdn Bhd is my original work. I have not copied from any other students' work or from any other sources except where due reference or acknowledgement is made explicitly in the text, nor has any part been written for me by another person.

2nd July 2021

Date submitted

Jaiganesh

Jaiganesh a/l Paramesivam (66217)

Supervisor's Declaration:

I DR. HANA BINTI HAMIDI hereby certifies that the work entitled, The Relationship Between Human Resource Practices Towards Employee's Performance In Star Onggari Engineering Sdn Bhd was prepared by the above named student, and was submitted to the "FACULTY" as a * partial/full fulfillment for the conferment of BACHELOR OF SCIENCE WITH HONOURS (HUMAN RESOURCE DEVELOPMENT), and the aforementioned work, to the best of my knowledge, is the said student's work

Hana Hamidi

Dr Hana Hamidi
Deputy Dean (Undergraduate)
Faculty of Cognitive Sciences and Human Development
Universiti Malaysia Sarawak

Received for examination by:

(DR. HANA BINTI HAMIDI)

Date: 9/8/2021

I declare this Project/Thesis is classified as (Please tick (√)):


- ☐ **CONFIDENTIAL** (Contains confidential information under the Official Secret Act 1972)* **RESTRICTED** (Contains restricted information as specified by the organisation where research was done)*
- ☒ **OPEN ACCESS**

Validation of Project/Thesis

I therefore duly affirmed with free consent and willingness declared that this said Project/Thesis shall be placed officially in the Centre for Academic Information Services with the abide interest and rights as follows:

- This Project/Thesis is the sole legal property of Universiti Malaysia Sarawak (UNIMAS).
- The Centre for Academic Information Services has the lawful right to make copies for the purpose of academic and research only and not for other purpose.
- The Centre for Academic Information Services has the lawful right to digitise the content to for the Local Content Database.
- The Centre for Academic Information Services has the lawful right to make copies of the Project/Thesis for academic exchange between Higher Learning Institute.
- No dispute or any claim shall arise from the student itself neither third party on this Project/Thesis once it becomes sole property of UNIMAS.
- This Project/Thesis or any material, data and information related to it shall not be distributed, published or disclosed to any party by the student except with UNIMAS permission.

Student's signature : *Jaiganesh*
(2nd July 2021)


Dr Hana Hamidi
Deputy Dean (Undergraduate)
Faculty of Cognitive Sciences and Human Development
Universiti Malaysia Sarawak

Supervisor's signature: _____
9/8/2021 (Date)

Current Address:

NO 562, TAMAN TUN SAMBANTHAN 31100 SUNGAI SIPUT (U), PERAK DARUL RIDZUAN.

Notes: * If the Project/Thesis is **CONFIDENTIAL** or **RESTRICTED**, please attach together as an annexure a letter from the organisation with the period and reasons of confidentiality and restriction.

[The instrument was duly prepared by The Centre for Academic Information Services]

ACKNOWLEDGEMENT

Here, I would like to express my gratitude and special thanks to those who helped and supported me throughout this journey of completing my research. First, I would like to thank God for giving me such blessings and strength in completing the given task. By God's grace, I had met people who helped me directly and indirectly in this research.

I would like to thank my supervisor Dr Hana binti Hamidi for giving me moral support and guidance on how to conduct a research. I appreciate her patience in guiding me throughout this journey which is almost one year. The time she allocated by her to give feedback on my drafts are much appreciated.

Next, to my parents who supported me mentally, emotionally and financially, I would like to thank them for the support given to me. They had supported me throughout this three year of my degree life and especially by giving moral support to complete my research.

Apart from that, I would like to thank to the HR Manager Mrs.Ganages Sevam of Star Onggari Engineering Sdn Bhd, Safety Supervisor of Star Onggari Engineering Sdn Bhd Mr.Dineswaran Sitrarasu who is also a friend of mine who helped me to get the respondents feedback during this pandemic with much short period of time. And also not to forget to all my respondents who actively participated in my researchkeeping their busy work aside. Their cooperation in filling up the questionnaires and entertaining me as well is much appreciated.

Finally, I would like to thank all my friend who helped me by sharing their thoughts and ideas during my hard time completing my work. They helped me all the time when I needed professional guidance and had the patience and time to guide and assist me in completing this project.

TABLE OF CONTENTS

LIST OF TABLES.....	21
LIST OF FIGURES.....	5
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.0 Introduction.....	1
1.1 Background of study.....	1
1.2 Problem Statement.....	2
1.3 Research Objective.....	3
1.3.1 General objective.....	3
1.3.2 Specific objectives.....	3
1.4 Research Hypotheses.....	4
1.5 Conceptual Framework.....	4
1.6 Terminology.....	5
1.6.1 Compensation.....	5
1.6.2 Employee's Performance.....	5
1.6.3 Employee's Involvement.....	5
1.6.4 Performance Appraisal.....	6
1.7 Significance of the study.....	6
1.8 Limitations of the study.....	6
1.9 Chapter Summary.....	7
CHAPTER TWO.....	8
LITERATURE REVIEW.....	8

2.0 Introduction.....	8
2.1 Compensation.....	8
2.2 Employee's Involvement.....	9
2.3 Performance Appraisal.....	10
2.4 Employee's Performance.....	11
2.5 Discussion of Related Theory.....	12
2.5.1 Socioanalytic Theory.....	12
2.5.2 Guest's Model.....	12
CHAPTER THREE.....	15
METHOD.....	15
3.0 Introduction.....	15
3.1 Research Design.....	15
3.2 Population and Sample.....	15
3.3 Research Instrument.....	16
3.4 Data Collection Procedure.....	17
3.5 Data Analysis Procedure.....	17
3.5.1 Frequency Distribution.....	18
3.5.2 Pearson Correlation.....	18
3.6 Pilot Study.....	18
3.7 Validity and Reliability.....	20
3.8 Ethics of the Study.....	21
3.9 Chapter Summary.....	21
CHAPTER FOUR.....	23
FINDINGS.....	23

4.0 Introduction.....	23
4.1 Demographic Characteristics of Respondents.....	23
4.1.1 Gender.....	24
4.1.2 Marital Status.....	25
4.1.3 Length of Service.....	26
4.2 Main Findings.....	27
4.2.1 Compensation.....	27
4.2.2 Performance Appraisal.....	30
4.2.3 Employee's Involvement.....	32
4.2.4 Employee's Performance.....	34
4.3 Relationship between Independent Variable and Dependant Variable.....	36
4.3.1 Relationship between Compensation and Employee's Performance.....	36
4.3.2 Relationship between Performance Appraisal and Employee's Performance.....	37
4.3.3 Relationship between Employee's Involvement and Employee's Performance	38
4.3.4 The Establishment of the Most Dominant Factor	39
4.4 Chapter Summary.....	42
CHAPTER FIVE.....	43
SUMMARY, DISCUSSION, IMPLICATIONS, RECOMMENDATIONS & CONCLUSION.....	43
5.1 Introduction.....	43
5.2 Summary of The Research.....	43
5.3 Discussion.....	45
5.3.1 Discussions of Main Findings.....	46
5.3.1.1 Relationship between Compensation and Employee's Performance.....	46

5.3.1.2 Relationship between Performance Appraisal and Employee's Performance.....	46
5.3.1.3 Relationship between Employee's Involvement and Employee's Performance	47
5.3.1.4 Dominant Factor That Influence the Employee's Performance.....	48
5.3.1.5 Discussions of Theory	49
5.4 Significant of Study.....	49
5.4.1 Significant to Knowledge.....	49
5.4.2 Significant to Human Resource (HR) Practitioners.....	50
5.4.3 Significant to Organization.....	51
5.5 Implications.....	51
5.5.1 Implications to Organization and Human Resource Practitioners.....	51
5.5.2 Implications to Future Research.....	52
5.6 Limitation of the Study.....	53
5.7 Recommendations.....	53
5.7.1 Recommendations for Organization and Human Resource Practitioners.....	54
5.7.2 Recommendations for Future Research.....	54
5.8 Conclusion.....	55
REFERENCES.....	57
Apendix.....	58

LIST OF TABLES

Table 1 Krejcie and Morgan's Table.....	16
Table 2 Five-Point Likert-Type Rating Scale.....	17
Table 3 Reliability Statistics for compensation	19
Table 4 Reliability Statistics for performance appraisal	19
Table 5 Reliability Statistics for employee's involvement	20
Table 6 Reliability Statistics for employee's performance	20
Table 7 Results of Pilot Study.....	20
Table 8 Results of Validity and Reliability.....	21
Table 9 Gender of Respondents	24
Table 10 Marital Status of Respondents	25
Table 11 Service Length of Respondents	26
Table 12 Frequencies and percentages of compensation	29
Table 13 Frequencies and percentages of performance appraisal	31
Table 14 Frequencies and percentages of Employee Involvement	33
Table 15 Frequencies and percentages of Employee's Performance	35
Table 16 Correlation between compensation and employee's performance	36

Table 17 Correlation between performance appraisal and employee's performance.....	37
Table 18 Correlation between employee's involvement and employee's performance	38
Table 19 Multiple Regression of independent variables and dependent variables..... (Model Summary)	40
Table 20 Multiple Regression of independent variables and dependent variables	41
(ANOVA ^a)	
Table 21 Multiple Regression of independent variables and dependent variables	42
(Coefficients ^a)	

LIST OF FIGURES

Figure 1 The Conceptual Framework.....	4
Figure 2 Guest's Model.....	14
Figure 3 Gender of Respondents.....	24
Figure 4 Marital Status of Respondents.....	25
Figure 5 Service Length of Respondents.....	26

ABSTRACT

This study is aimed to study the impact of human resource practice on employee's performance. The factors studied includes compensation, performance appraisal and employee's involvement towards employee's performance. The method of research is quantitative research where the data were collected using questionnaire as an instrument. The data was collected among 205 employees from Star Onggari Engineering Sdn Bhd. The collected data were analyzed descriptively and inferentially. Pearson Correlation was used to test the association between compensation, performance appraisal and employee's involvement towards employee's performance. Then, Multiple Regression was used to test the dominant factor that influence the employee's performance. Findings shows that all the studied variables have a relationship with employee's performance. Finally, the researcher has recommended few recommendations that could be helpful to the organization, HR practitioners and the future researcher.

Keywords: Composition, Performance Appraisal, Employee's Involvement and Employee's Performance

ABSTRAK

Kajian ini bertujuan untuk mengkaji kesan amalan sumber manusia terhadap prestasi pekerja. Faktor yang dikaji merangkumi pampasan, penilaian prestasi dan penglibatan pekerja terhadap prestasi pekerja. Kaedah penyelidikan adalah penyelidikan kuantitatif di mana data dikumpulkan menggunakan soal selidik sebagai instrumen. Data dikumpulkan di antara 205 pekerja dari Star Onggari Engineering Sdn Bhd Data yang dikumpulkan dianalisis secara deskriptif dan inferens. Pearson Correlation digunakan untuk menguji perkaitan antara pampasan, penilaian prestasi dan penglibatan pekerja terhadap prestasi pekerja. Kemudian, Multiple Regression digunakan untuk menguji faktor dominan yang mempengaruhi prestasi pekerja. Dapatan menunjukkan bahawa semua pemboleh ubah yang dikaji mempunyai hubungan dengan prestasi pekerja. Akhirnya, penyelidik telah mengesyorkan beberapa cadangan yang dapat membantu organisasi, pengamal HR dan penyelidik masa depan.

Kata kunci: Komposisi, Penilaian Prestasi, Penglibatan Pekerja dan Prestasi Pekerja

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter will discuss the study's context, the issue statement, the study's purpose, the proposed hypothesis, and the study's conceptual framework. Additionally, this chapter will address the definition of terms and the study's limitations.

1.1 Background of the study

Human Resource practices are one of the techniques used by Human Resource Managers to recruit and maintain sufficient workers, and to keep them empowered and compliant with work laws and regulations to enhance their performance. Due to these stresses, HR managers strive to design compensation facilities which promote the strategic objectives of organizations and their individual employees' objectives. Human Resource practices include processes, services and activities that change people's behavior. The goal of incentive schemes is to produce meaningful outcomes consistently. The basic goal is to provide meaningful outcomes for desired success contributions (Wilson, 2003). Human Resource practices are the tools for doing so. These may include prizes, various awards, incentives, reassignments, non-monetary benefits, such as holidays and a basic thank you. If workers are rewarded, work is finished. Employers are better off than what they think they receive from employers immediately. So workers should be compensated automatically as a means of encouraging them whether they meet or exceed their standard. Thus, workers associate their reward specifically with their actions and higher efficiency. The emphasis should be always on the constructive improvement of successful incentive programs. Positive strengthening promotes organizations' ideal actions. This

encourages staff to take constructive steps that lead to awards. Human Resource practices in organization should be carefully implemented to strengthen good actions contributing to success (Torrington & Hall, 2006).

1.2 Problem Statement

Performance improvement is critical for an organisation because it ensures that employees perform well in order to assist the organisation in accomplishing its mission and objectives. In today's competitive market, organisations can consistently improve employee performance by raising compensation. The most difficult duty of the human resource practitioner is to maintain employee performance through the maintenance of human resource practises focused primarily on compensation and, on the other side, incentive. According to Rusbult and Farrell, as stated in Siti Nur Aishah Mohd Noor and Nadzirah Zainordin (2018), dissatisfied employees are more likely to leave their jobs and are absent more frequently, affecting employee performance. As such, the researcher seeks to investigate the effect of compensation on employee performance.

The first issue with human resource procedures is a failure to recognise employees' contributions through a lack of compensation. Is the organisation adhering to sound human resource management standards and compensating employees fairly? According to Dubrin (2006), employees are more likely to perform well if their compensation is tied to individual performance measurement.

The second point to address in terms of human resource practises is employee involvement. This is to ascertain whether or not employee involvement motivates employees to perform optimally. It is vital to develop alignment between senior management's actions and the

demands of employees. This is because today's managers are more concerned with determining what truly motivates or disengages personnel. Organizations perform regular employee participation surveys in order to build or revise existing policies and execute key improvements that increase staff productivity and efficiency. Apart from that, it will assist them in retaining key personnel within the organisation.

The third point to consider when it comes to human resource procedures related to performance appraisal is the fairness of the evaluation decision. Rates have difficulty properly evaluating performance appraisals. Does employee unhappiness with the system have an effect on their performance? Although performance appraisal has a positive correlation with employee job satisfaction and a negative correlation with employee turnover intentions, employee satisfaction with the performance appraisal system is critical because dissatisfaction with the performance evaluation process has a detrimental effect on employee job performance (Ahmad, Hussain, Ahmad & Akbar, 2010).

1.3 Research Objective

1.3.1 General objective

To identify the relationship between human resource practices towards employee's performance in Star Onggari Engineering Sdn Bhd.

1.3.2 Specific objective

- i. To determine the relationship between compensation and employee's performance in Star Onggari Engineering Sdn Bhd.
- ii. To determine the relationship between employee involvement and employee's performance in Star Onggari Engineering Sdn Bhd.

- iii. To determine the relationship between performance appraisal and employee's performance in Star Onggari Engineering Sdn Bhd.

1.4 Research Hypotheses

H₁: There is significant relationship between compensation and employee's performance.

H₂: There is significant relationship between employee involvement and employee's performance.

H₃: There is significant relationship between performance appraisal on employee's performance.

1.5 Conceptual Framework

This section addresses the related variable to be evaluated in the analysis. The statistical structure consists of the dependent variable and the independent variable. The independent variable is the compensation in the context of this analysis. Therefore, the employee's performance is the dependent variable to be evaluated.

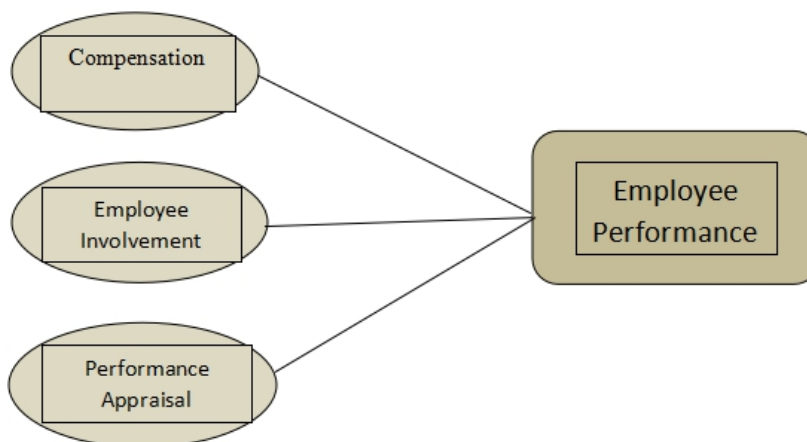


Figure 1. The Conceptual Framework

1.6 Terminology

1.6.1 Compensation

Definition of a Concept

In gratitude for their services to the company, compensation is what workers earn. (Suri, 2016).

Operational Definition

The wages of workers paid by the company for their services.

1.6.2 Employee's Performance

Definition of a Concept

The outcomes or efforts of workers to meet their goals (Herbert, John & Lee 2000) when achieving efficiency can be used to describe the process, results, significance and progress of an organisation.

Operational Definition

The way employees perform their tasks in the office and how well they are.

1.6.3 Employee Involvement

Definition of a Concept

Collins and Clark (2003) determined that human resource approaches and processes are critical in enabling businesses to achieve aggressive profit targets and bringing delivery unit of time practises and structure performance closer together, as well as the employment of employee community procedures and excessive stage management practises.

Operational Definition

The direct involvement of personnel in assisting an organisation in fulfilling its mission and achieving its objectives by the application of their own ideas, knowledge, and efforts toward problem solving and decision making.

1.6.4 Performance Appraisal

Definition of a Concept

Employers use this to evaluate employees' efforts in order to compensate them for their efforts (Collins and Clark, 2003).

Operational Definition

The methodical appraisal of employees' performance and the ability of an individual to grow and develop.

1.7 Significance of the study

The implications for researchers, theorists and clinicians have a broad range of realistic and theoretical aspects. It offers a greater look into the relationship of these systems with the output of workers for HR administrators and businesses. These findings will help to build enormous human resources practices in order to enhance worker efficiency through job satisfaction. Sufficient coaching and learning opportunities, equal and transparent performance evaluation and large salaries are no longer sufficient to please staff, but may improve their work performance more.

1.8 Limitations of the study

This study only focuses on limited of variables mainly compensation, employee involvement, performance appraisal and employee's performance. Moreover, the sample size was not appropriate to reflect Malaysia's fully commercial market, thereby not reflecting the essence of the entire population. Furthermore, the dispersed questionnaires are limited to one agency and the final results of the survey are also focused exclusively on one entity. Another restriction is the generalization of the data due to the fact that figures were collected in a small town. In

comparison, the results may no longer extend to other Malaysian cities.

1.9 Summary

In summary, this chapter discusses the research's central topic, which is the effect of human resource procedures on employee job performance. This chapter also examined the hypotheses and research aims, as well as the significance, limitations, and definition of key words.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter analyses the entire body of literature in order for the researcher to learn and apply more knowledge from earlier studies and research. This chapter also discusses in full the theories and factors employed in this current search.

2.1 Compensation

According to (Chung, 2017) there is a high quality partnership among the equity based totally pay of staff and their work results as well as organisational performance. Compensation is a method of giving monetary price to workers for the job they did. Compensation may be used to attract qualified personnel, recompense results, foster commitment to companies by reduced attrition. Additionally, benefits can include basic wages, overtime, incentives, travel/host expenses, equity plans, medical allowances, fees and profits sharing.

A new finding of Hay suggests that 20 per cent of people will be working in at least five years to change their current roles. The retention turnover of staff has proven to be a more important factor of corporate lifestyles. The excellence-based rewards system is the best HRM practice, since it promotes workers' high results. Moreover, a pay scheme based solely on results is claimed as an outstanding indication of the worker's performance at and member's or female and party stage (Swiateczak, 2015).

Similarly (Cooper, 2014) has found that workers prefer to be properly motivated to work if their salary is related to the collective success at the level of individuals or organizations. An integration of a general performance and rewards scheme to improve workers' will for

achievement and productivity is a constructive approach in human resources practice (Cooper, 2014). The strong association between pay and the success of workers was suggested by Tessema & Soeters 2006. It is critical that organization organizations carefully interpret pay policies influence the recruiting, revenue and efficiency of workers.

2.2 Employee Involvement

People may be more committed to the organisation as a result of teamwork and decentralisation of decision-making, according to (Magpili & Pazos, 2018). With active participation, employees will feel like part of the business corporation, which will have an effect on the organization's overall normal performance. Working together as a group and making common decisions is critical in order to fulfil the team's and the company's goals. In a different research (Kemp, Park, Zaatari, Rylander, & Milner, 2006), it was discovered that human beneficial aid techniques play an important role in allowing commercial enterprise agencies to achieve aggressive goals and make certain that human resource practises and organisational performance are brought closer together through the use of employee community machine. Employee engagement is fostering an environment in which employees are empowered to make decisions and perform actions that are relevant to their jobs. Employee participation aids the company organisation in retaining its employees by increasing employee ownership and dedication and creating an environment that encourages employees to be engaged and contribute. (Smith, 1997) focuses on equipping employees with the tools they need to realise their full potential. Employee empowerment, according to (Erstad, 1997), can help to lessen personnel conflict.

2.3 Performance Appraisal

Performance appraisal is a systematic comparison of the average performance of an individual in his assignments. The ultimate goal of the performance appraisal is to improve morale and self-esteem for workers. (Sels, 2003) states that the overall comparison of performance increased the productivity of the employee, which, in turn, increased the total performance of the organization. Performance appraisal promotes career development by recognizing the position with an overall change in performance. The primary goal of the performance appraisal is to enhance the performance of the character with the specified criteria, for example, to improve the present performance, encouragement and identification of preparation and progress (Abdullah, Ahsan, & Alam, 2009). Proper appraisal of the job and recompense of the workforce is important because it helps to encourage employees' efforts. The design of performance appraisal schemes is complicated and challenging because the assessment must be accurate and equitable to all workers.

(Arbait & Suradi, 2007) suggested that managers should review the employee's productivity in the management of sources through the overall performance appraisal of the Business. Only if a healthy and best relationship exists between personnel and their supervisors as well as if the ongoing debate on overall performance during the year is possible in accordance with the first-rate context for human resources practice is effective, productive and environmentally friendly performance reviews possible (C, Vicere, White, Robinson, & Wick, 2008). The establishment of honest and consistent general performance levels in any company will minimize discussions between staff and their superiors and differences in relation to overall performance determinants (Jafari, Bourouni, & Amiri, 2009).